

## Message Text

PAGE 01 ABU DH 01448 221251Z  
ACTION NEA-11

INFO OCT-01 EUR-12 ISO-00 EB-08 SOE-02 AID-05 CEA-01  
CIAE-00 DODE-00 DOE-15 H-01 INR-10 INT-05 L-03  
NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07 SP-02  
SS-15 STR-07 TRSE-00 ACDA-12 NRC-05 /144 W  
-----077398 221356Z /46

R 220920Z MAY 78  
FM AMEMBASSY ABU DHABI  
TO SECSTATE WASHDC 7860  
USDOC WASHDC  
INFO AMEMBASSY ATHENS  
AMEMBASSY DOHA  
AMEMBASSY JIDDA  
AMEMBASSY KUWAIT  
AMEMBASSY MANAMA  
AMEMBASSY MUSCAT  
AMEMBASSY TEHRAN  
AMCONSUL DHAHRAN

LIMITED OFFICIAL USE ABU DHABI 1448

ATHENS FOR RTDO

E.O. 11652: 11652: N/A  
TAGS: BEXP, BENC, ENRG, PINT, TC  
SUBJECT: ABU DHABI REQUIRES LOCAL SERVICE/CONTRACTOR COMPANIES TO  
INDICATE QUICKLY INTEREST IN LAND AND FACILITIES IN ABU DHABI

REF: ABU DHABI 1330

1. BEGIN LIMITED OFFICIAL USE. BEGIN SUMMARY: ON MAY 17  
ABU DHABI PETROLEUM DEPARTMENT UNEXPECTEDLY ANNOUNCED THAT OIL  
SERVICE/CONTRACTING COMPANIES WILL BE PROVIDED WITH LAND  
AND OTHER FACILITIES FOR RENT ON THE MAINLAND NEAR ABU DHABI  
CITY. THE COMPANIES ARE REQUIRED TO INDICATE WITHIN 30 DAYS  
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THE LAND AND FACILITIES REQUIRED. THOSE NOT SHOWING AN INTEREST  
DURING THAT PERIOD, ACCORDING TO THE LETTER FROM THE PETROLEUM  
DEPARTMENT, WILL HAVE NO RIGHT TO REAPPLY FOR LAND AND FACILITIES  
AND WILL NOT BE ALLOWED TO OPERATE IN ABU DHABI. THIS PRONOUNCE-  
MENT SIGNIFICANTLY TOUGHENS THE "BUSINESS NATIONALIST" LINE  
RECENTLY TAKEN BY ABU DHABI AND WILL SURELY CONTRIBUTE TO HEIGHTEN  
INTER-EMIRATE TENSIONS. OIL SERVICE/CONTRACTING COMPANIES,  
DEPENDENT ON ABU DHABI BUSINESS, FEEL THEY MUST SHOW SOME  
POSITIVE RESPONSE TO THIS INSTRUCTION, ALTHOUGH EXTENT OF THEIR  
COMPLIANCE IS NOT YET CLEAR. END SUMMARY

2. ABU DHABI HAS FOLLOWED UP REFTTEL INSTRUCTIONS REQUIRING OIL SERVICE/CONTRACTING COMPANIES TO ESTABLISH MANAGERIAL OFFICES IN ABU DHABI WITHIN SIX MONTHS WITH A NEW TOUGH INSTRUCTION. TEXT OF INFORMAL TRANSLATION GIVEN OF THIS LETTER IN PARA 3 BELOW. END LIMITED OFFICIAL USE

3.

3. BEGIN UNCLASSIFIED: BEGIN TEXT:

TRANSLATION OF A LETTER NO. AIN-1/46/1288 DATED 17 MAY 1978 FROM THE PETROLEUM DEPARTMENT TO ALL OIL COMPANIES OPERATING IN THE EMIRATE OF ABU DHABI.

IN CONTINUATION TO OUR LETTER - CIRCULAR NO. AIN-1/46/957 DATED APRIL 11, 1978, WE WOULD LIKE TO ADVISE YOU THAT THE GOVERNMENT HAS DECIDED TO DO THE FOLLOWING:

1) TO CONSTRUCT A BASE FOR OIL SERVICES AT AL MUSAFFAH INDUSTRIAL AREA ON A LAND OF 150,000 SQUARE METERS WHICH WILL INCLUDE ALL THE FACILITIES REQUIRED BY THE OIL COMPANIES AND OIL SERVICE COMPANIES, WAREHOUSES, TRANSPORT, LOADING FACILITIES, OFFICE AND OTHER GENERAL SERVICES.

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THIS IS IN ADDITION TO THE BASE THAT HAS BEEN ALREADY CONSTRUCTED BY ADNOC AT SADIYAT ISLAND, THE PURPOSE OF WHICH WAS TO SERVICE OIL OPERATION ESPECIALLY FOR THE OFFSHORE ARZUS.

THE NEW BASE AT AL MUSAFFAH WILL OFFER ALL FACILITIES WHICH SUCH COMPANIES MAY REQUIRE WHO ARE WILLING TO OPERATE AND WILL LEASE SUCH SERVICES AS REQUIRED FOR THIS PURPOSE.

3) THE GOVERNMENT WILL ALLOCATE SUITABLE LAND SPACE FOR THE COMPANIES WHO ARE DESIROUS TO CONSTRUCT A BASE FOR THEMSELVES FOR STORAGE AND OTHER SERVICES IN THE AL MUSAFFAH INDUSTRIAL AREA WHICH THEY REQUIRE. THE GOVERNMENT WILL FACILITATE BY ESTABLISHING ROADS, WATER, ELECTRICITY AND TELEPHONE SERVICES, AND OTHER SERVICES ON THE BASIS OF LEASE FOR A REASONABLE PERIOD WHICH WILL BE AGREED UPON BETWEEN THE COMPANY AND THE GOVERNMENT.

WILL YOU THEREFORE PLEASE CIRCULATE THIS TO ALL THE COMPANIES OPERATING FOR YOU AND NOTIFY THEM THAT IT IS NECESSARY TO DINE THEIR NEEDS FOR SUCH SERVICES WHICH WILL BE SECURED BY THE GOVERNMENT AT AL MUSAFFAH AREA, AND/OR TO DEFINE THE LAND SPACE REQUIRED IF THE COMPANY IS WILLING TO CONSTRUCT A PRIVATE BASE, ETC., WITHIN A PERIOD NOT EXCEEDING 30 DAYS FROM THE DATE OF THIS CIRCULAR THUS ENABLING THE GOVERNMENT TO TAKE IMMEDIATE MEASURES TO SECURE THE SERVICES REQUIRED WITH A REASONABLE PERIOD TO SATISFY THE NEEDS OF THE COMPANY REQUIREMENTS.

WE WOULD RECONFIRM WHAT WE HAVE PREVIOUSLY POINTED OUT IN OUR ABOVE QUOTED CIRCULAR THAT ANY COMPANIES THAT ARE NOT WILLING TO SEEK OR OBTAIN ANY OF THESE FACILITIES AND DO NOT SHOW ANY INTEREST DURING THE SAID PERIOD (30 DAYS), SUCH COMPANIES

WILL IN FUTURE HAVE NO RIGHT TO REAPPLY TO OBTAIN ANY OF THESE  
FACILITIES AND WILL NOT BE ALLOWED TO OPERATE IN THE EMIRATE OF  
ABU DHABI.

SIGNED

DR. MANA SAID AL UTAYBA

CHAIRMAN OF PETROLEUM DEPARTMENT

END TEXT. END UNCLASSIFIED.

4. BEGIN LIMITED OFFICIAL USE. LOCAL OPERATING COMPANIES  
HAVE SIMPLY TRANSMITTED LETTER TO SERVICE/CONTRACTING COMPANIES  
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WHOSE EXECUTIVES ARE TRYING TO DECIDE WHAT WILL BE MINIMUM  
REQUIRED ACTION TO KEEP THEM IN GOOD GRACES OF ABU DHABI  
AUTHORITIES. EXTENT OF WHICH THEY WILL WISH TO GO BEYOND  
MINIMAL COMPLIANCE WILL BE DETERMINED BY QUALITY OF  
FACILITIES AND EFFICIENCY OF OPERATION TO BE SET UP AT  
MUSAFFAH BY ABU DHABI GOVERNMENT. EMPHASIS ON MUSAFFAH  
AND SADIYAT HAS SURPRISED SOME OBSERVERS WHO FELT THAT SETTING  
UP AT RUWAIS WOULD HAVE BEEN ATTRACTIVE ALTERNATIVE. LOCAL  
SPECULATION ATTRIBUTES EXCLUSION OF RUWAIS FROM SITES WHERE  
LANDS OR FACILITIES WILL BE OFFERED TO LONG-STANDING ILL-FEELING  
BETWEEN DEPARTMENT OF PETROLEUM HEADED BY MINISTER OF  
PETROLEUM MANA UTAYBA AND ADNOC'S CHAIRMAN SHAIKH TAHNOUN  
UNDER WHOSE AEGIS RUWAIS IS BEING DEVELOPED.

5. ACCORDING ACCORDING TO ONE ABU DHABI GOVERNMENT SOURCE, PRESENT  
LETTER WAS WRITTEN IN RESPONSE TO COMPLAINTS ABOUT ABU DHABI'S  
"UNPREPAREDNESS" TO RECEIVE OIL SERVICE/CONTRACTING COMPANIES'  
HEADQUARTERS MANDATED IN MATTER REPORTED REFTEL. IN HIS VIEW,  
CURRENT INSTRUCTION WAS ABU DHABI'S ATTEMPT TO SHOW ITS  
WILLINGNESS TO MOVE FORWARD AND TO PLACE BURDEN ON COMPANIES  
TO SHOW THAT THEIR EXPRESSIONS OF UNHAPPINESS ABOUT ABU DHABI  
"UNPREPAREDNESS" HAD NOT SIMPLY BEEN TO CAMOUFLAGE DESIRE TO  
REMAIN ELSEWHERE.

6. EMBASSY COMMENT: LATEST PRONOUNCEMENT SIGNIFICANTLY  
TOUGHENS "BUSINESS NATIONALIST" LINE RECENTLY ADOPTED BY ABU  
DHABI IN ITS DEALINGS WITH OTHER EMIRATES. WHILE REQUEST FOR  
EXPRESSION OF INTEREST IN POSSIBLE FUTURE LAND AND FACILITIES  
WAS GENERALLY EXPECTED BY OIL/SERVICE/CONTRACTING COMPANIES,  
30 DAY DEADLINE NOW IMPOSED STRIKES THEM AS EXTREMELY  
UNREALISTIC. THESE COMPANIES, MAJORITY OF WHOM HAVE STRONG  
AMERICAN COMPLEXION, FACE VERY LIMITED OPTIONS HOWEVER SINCE  
ABU DHABI OIL FIELDS ARE MOST ACTIVE IN LOWER GULF.  
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7. WIDELY ACCPETED LOCAL RATIONALE FOR ACTION IS TO DISSIPATE

ABU DHABI BUSINESS DOLDRUMS. AS PETROLEUM MINISTER UTAYBA  
EXPRESSED TO AMBASSADOR, "WE DESIRE TO INJECT MORE LIQUIDITY INTO  
THE PRIVATE SECTOR OF ABU DHABI". IF THE PUSH TO DEVELOP MUSAFFAH  
REALLY  
MATERIALIZES, THE DOLDRUMS WILL QUICKLY VANISH IN ABU DHABI.  
UNFORTUNATELY, THE ECONOMIC COST TO OTHER EMIRATES OF THIS  
COURSE OF ACTION MAY BE SIGNIFICANT ENOUGH TO BE EXPRESSED IN  
HEIGHTENED POLITICAL DISCORD. ALTHOUGH ABU DHABI'S FIRST  
VENTURE (REFTEL) WAS SEEN AS A CHAUVINISTIC BUT REASONABLE  
PROFITTING FROM ITS OWN RESOURCES, THE PRESENT " ABU DHABI  
COMES FIRST" SYMPTOMS ARE LESS SUSCEPTIBLE TO A MODERATE  
GLOSS. MOST OBSERVERS SENSE THAT THIS LATEST PRONOUNCEMENT WILL  
BE DEEPLY RESENTED ELSEWHERE IN THE EMIRATES WITH NEGATIVE POLITICAL  
CONSEQUENCES ON INTER-EMIRATE RELATIONS IN THE SHORT-TERM AT LEAST.  
DICKMAN

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<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 26 sep 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM INDUSTRY, OPENING OF OFFICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978ABUDH01448  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** 11652 11652 N/A  
**Errors:** n/a  
**Expiration:**  
**Film Number:** D780215-0469  
**Format:** TEL  
**From:** ABU DHABI  
**Handling Restrictions:** n/a  
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**Message ID:** 017d3895-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** ABU DHABI 1330  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2540956  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ABU DHABI REQUIRES LOCAL SERVICE/CONTRACTOR COMPANIES TO INDICATE QUICKLY INTEREST IN LAND AND FACILITIES IN ABU DHABI  
**TAGS:** BEXP, BENC, ENRG, PINT, TC  
**To:** STATE USDOC MULTIPLE  
**Type:** TE  
**vdkgvkey:** odbc://SAS/SAS.dbo.SAS\_Docs/017d3895-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014